

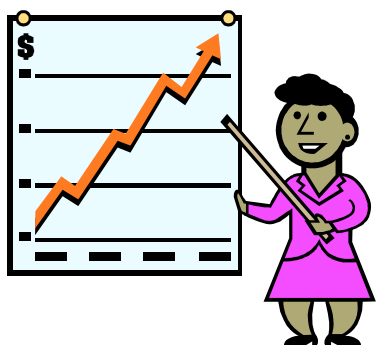
FARM SECTOR ECONOMIC ANALYSIS

INCOME

The total value of the agriculture sector output from New Mexico farms and ranches increased in 2008 to \$3.4 billion, up 2.7 percent from 2007. The value of livestock production increased to \$2.4 billion in 2008, up 4.7 percent. The value of crop production decreased to \$698 million, down 3.6 percent. Revenues from forestry and services totaled \$270 million in 2008, up 2.7 percent from the previous year. Direct government payments increased 11 percent to \$74.7 million. After deductions for production expenses, hired labor, and other economic factors, the state's net farm income totaled \$829.8 million, down 2 percent from a year earlier.

PRODUCTION EXPENSES

New Mexico farmers and ranchers purchased \$2.0 billion of inputs in 2008 to produce crops and livestock. This was 5.6 percent more than 2007. As in previous years, livestock feed continued to be the largest purchase at \$681 million, followed by livestock purchases of \$421 million. The repair and maintenance of capital items cost farmers and ranchers \$124 million, and petroleum fuel and oil costs rose 15 percent to \$135 million. Property taxes were higher at \$43.5 million.



CASH RECEIPTS

New Mexico crop and livestock product sales in 2008 totaled \$3.1 billion, a 1.3 percent increase from the previous year. Total cash receipts from livestock products increased in 2008 to \$2.4 billion. The number one cash commodity for the state was once again milk. This was followed by cattle and calves as the number two cash commodity. Total crop cash receipts decreased slightly to \$710 million. Hay sales increased to \$226 million in 2008, remaining the third largest cash commodity in the state. Corn including silage was the fourth largest commodity. Pecans were fifth in the state in total cash receipts despite a drop of 35 percent. Greenhouse and nursery receipts were steady at \$64 million and were ranked sixth. Onions were ranked seventh with \$47.5 million, a 35 percent drop from 2007. Wheat, chile, and cotton were also in the state's top ten commodities.



GOVERNMENT PAYMENTS

Direct government payments to New Mexico producers totaled \$75 million in 2008, up 11 percent from 2007 payments of \$67 million. If ranked with cash receipts, government payments would be our fifth largest cash commodity. Conservation program payments increased to \$42 million. Fixed Direct payments were up slightly at \$16 million in 2008. Counter-Cyclical payments decreased to \$5.0 million, from \$8.8 million a year earlier. Milk Income Loss Payments decreased to \$8,000, down from \$557,000 a year earlier.

LAND VALUES

New Mexico's farm real estate value decreased for the first time since 2002. The average value per acre as of January 1, 2009, was \$480 per acre compared to \$500 in 2007. In the Mountain States (Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah and Wyoming), values in 2008 ranged from a high of \$3,500 per acre in Arizona to a low of \$480 per acre in New Mexico. The highest values in the country were in the northeast where values averaged \$4,830 per acre.

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PRICES

Cattle prices declined during 2008. Prices for beef cattle averaged \$79.30 per hundredweight (cwt), a decrease of \$1.10 from the 2007 price. Calf prices dropped \$7.00 per cwt, to \$113.00. Cow prices, at \$54.10 per cwt, increased by \$4.70 per cwt. Steer and heifer prices averaged \$95.80 per cwt compared to \$101.00 in 2007. Milk prices, at \$17.50 per cwt, decreased 7 percent from the \$18.80 received in 2007.

Alfalfa prices for the year averaged a record high of \$190 per ton, 14 percent above the 2007 average price. All hay increased by \$22 from the 2007 price of \$164 to \$186 per ton in 2008. Other hay prices averaged \$155 per ton in 2008, compared to \$137 in 2007. Prices for cotton, potatoes, peanuts, and onions decreased in 2008, as did sorghum for grain. Corn for grain, wheat, dry beans, and sorghum silage showed increases from 2007. Pecan average price showed an increase of \$0.15 for the marketing season. Chile prices also improved from 2007 averaging \$704 per ton.

